



# Southwest Washington

## Labor Market News

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### Monthly Review

“Man, the dope’s that there’s still hope...”

*Springsteen*

### State of the Nation

**Bah, humbug.** Our Congress has seen fit to discontinue Emergency Unemployment Compensation at the end of December. In November, over 24,000 Washingtonians received these benefits, including 1,078 in Clark County, 367 in Cowlitz County, and 7 in Wahkiakum County. Merry Christmas, Mr. Potter!

**“Merry Christmas, Mr. Potter!”** [Bloomberg](#) (hat tip Naked Capitalism) has a nice article about how the wealthy use a loophole to avoid paying estate taxes. “[The] technique is one of a handful of common devices that together make the estate tax system essentially voluntary, rendering it ineffective as a brake on soaring economic inequality, says Edward McCaffery, a professor at the University of Southern California’s Gould School of Law.” According to the attorney who developed the loophole, “You can certainly say we can’t let this keep going if we’re going to have a sound system.”

November 2013 Unemployment Rates			
	Nov. 2013	Oct. 2013	Nov. 2012
<b>Seasonally Adjusted:</b>			
U.S.	7.0	7.3	7.8
U.S. U-6	13.2	13.8	14.4
Washington	6.8	7.0	7.6
Oregon	7.3	7.6	8.4
Portland Metro	6.7	7.0	7.8
<b>Unadjusted:</b>			
U.S.	6.6	7.0	7.4
Washington	6.5	6.5	7.2
Oregon	6.8	6.9	8.0
Clark	7.0*	8.3	8.1
Cowlitz	9.1	9.0	9.7
Wahkiakum	9.7	8.2	11.2
Portland Metro	6.2	6.5	7.3
*See text. Data will likely be revised upward.			

### GDP and the four horses economic indicators of the Apocalypse:

The long forward slog continues.

- GDP for the third quarter of the year was revised upward to 4.1 percent, the second best quarter of the recovery. Despite the impressive gain, most analysts expected 2014 to be a so-so year, only slightly better than 2013.
- Manufacturing, wholesale, and retail sales (last data point in September) increased yet again, and closed to within 0.6 percent of its pre-recession peak (-5 percent when adjusted for population growth).
- Personal income (excluding transfer payments like Social Security) decreased slightly in October. This indicator remained 3 percent above its pre-recession peak (-1 percent when adjusted for population growth), but the gain has gone almost entirely to the top 1 percent of households.
- Industrial production had a big November, expanding by over 1 percent and finally topping its pre-recession peak (but still 4 percent below after adjustment for population growth).

- Nonfarm employment has picked up a bit in the past four months, averaging 200,000 net new jobs per month, vs. 180,000 for the past year. Employment was still 1.3 million below the January 2008 peak (-0.9 percent). Add in the 120,000 jobs per month that we need to keep up with population growth, and we're only 9.7 million jobs short.

## State of the States—and PDX

- Following a small loss in September, Washington lost a revised 7,400 jobs in October and a preliminary 6,000 in November, begging the question: what is going on? Is this for real? We'll have to wait a few months for the quarterly revisions to know for sure. There's a chance that revised data will show a slowdown, but not a drop-off. Construction looks to have leveled off, and manufacturing has likely shed some jobs in aerospace, but a couple of other industries currently showing job losses over the past few months—notably education services, leisure & hospitality, and state government—could be revised upward. In any case, the current estimate puts employment 1.5 percent below its pre-recession peak. The unemployment rate was little changed at 6.8 percent.
- Oregon recorded its fourth straight month of solid job creation. Employers added another 5,400 jobs in November, pushing over-the-year job growth to 2.4 percent. Oregon was 3.1 percent short of the pre-recession peak, not adjusted for population growth. The official unemployment rate fell to 7.3 percent, the lowest in five years.
- While the rest of Oregon was looking better, the Portland Metro area was looking worse, losing jobs for the third month in a row. Just like with the state of Washington, it would be wise not to sound any alarms before we get the quarterly revised numbers in. PDX was a 1.6 percent below its pre-recession peak, not adjusted for population growth. Unemployment dropped another three tenths of a point to 6.7 percent.

## Regional Roundup

### Clark County

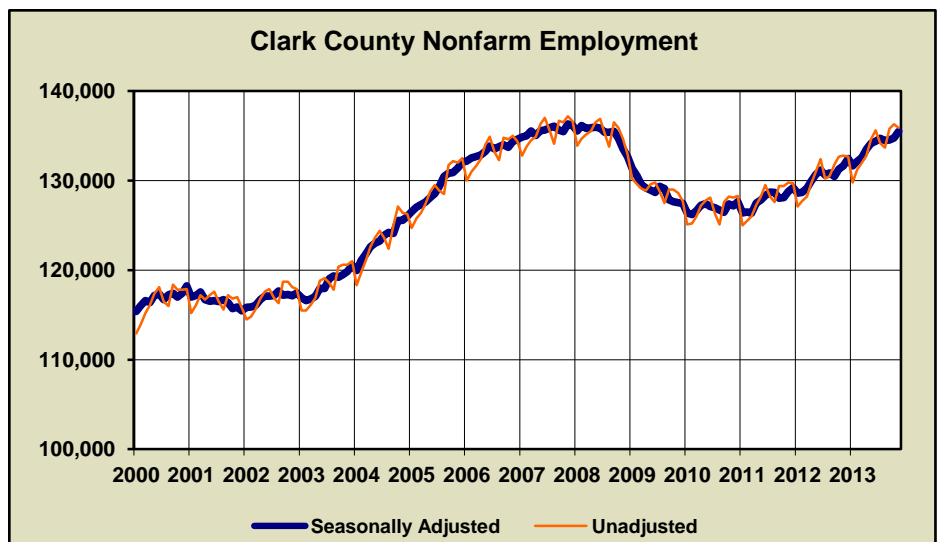
Clark County's labor market continued to improve in November:

- On a seasonally-adjusted basis, nonfarm employment rose by 700 jobs in November.
- The county has recovered 9,300 of the 10,000 jobs lost in the Great Recession.
- Since the recession began, the county's population has grown, and there are roughly 21,000 more working-age adults. We'd expect, in a normal economy, about 14,000 of them to be in the labor force. So while the county is very close to getting back to where it was when things headed south in February 2008, it is still well short of where it needs to be.
- Unadjusted employment fell by 400 jobs, with seasonal layoffs in construction and food processing balanced against hiring in retail.

Over the year:

- Job growth over the year was 3,100, or 2.3 percent. You might remember that last month's margin was officially 3.1 percent, but only 2.6 percent if unrounded numbers were used. This month, the unrounded total was up (drumroll, please) 2.6 percent. The important point is that job generation continued to be steady, the best since early 2006.

On the plus side:



- Construction led the way at +600 jobs/6.7 percent growth over the year. This industry has gained back 1,200 of the 4,400 jobs lost in the downturn.
- Financial services added 400 jobs/6.3 percent growth, and is now 100 jobs above its pre-recession peak.
- Leisure & hospitality was up 600 jobs/4.9 percent, with all of the gain in limited-service restaurants (e.g. fast-food outlets, coffee spots, etc.). This sector was still 400 jobs short of its previous high.

The preliminary October rate of 7.1 percent was revised upward by 1.2 points to 8.3 percent. November's 7.0 percent preliminary rate may be revised upward next month by at least a point (as happened in 2011)—or maybe not (as happened in 2012). History repeats itself, first as tragedy, then...

Initial unemployment claims resumed their downward trend in November, and on a seasonally-adjusted basis were lower than at any point in the last sixteen years. Continued claims also continued to decline, but were still somewhat above 2007 levels. The number of unemployed

## Cowlitz County

There was little improvement in the Cowlitz County labor market in November. According to estimates prepared by the U.S. Bureau of Labor Statistics, the county had 35,700 nonfarm jobs, 200 below the year-ago mark.

Employment rose by 200 jobs over the month, following normal seasonal hiring trends. Retail trade added 100 jobs as holiday hiring ramped up, and K-12 education rounded out fall hiring with an additional 100 jobs. Leisure & hospitality, heading for its seasonal low period, reduced staffing by 100.

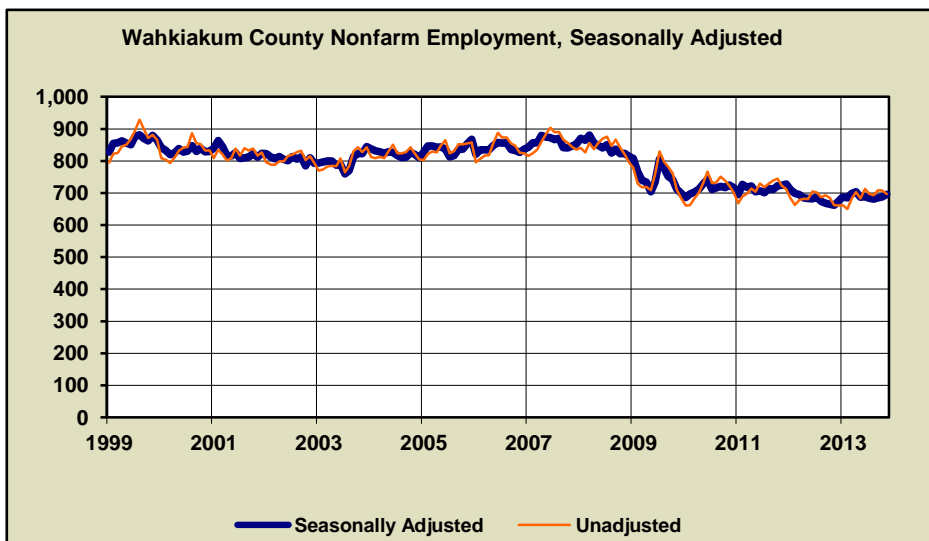
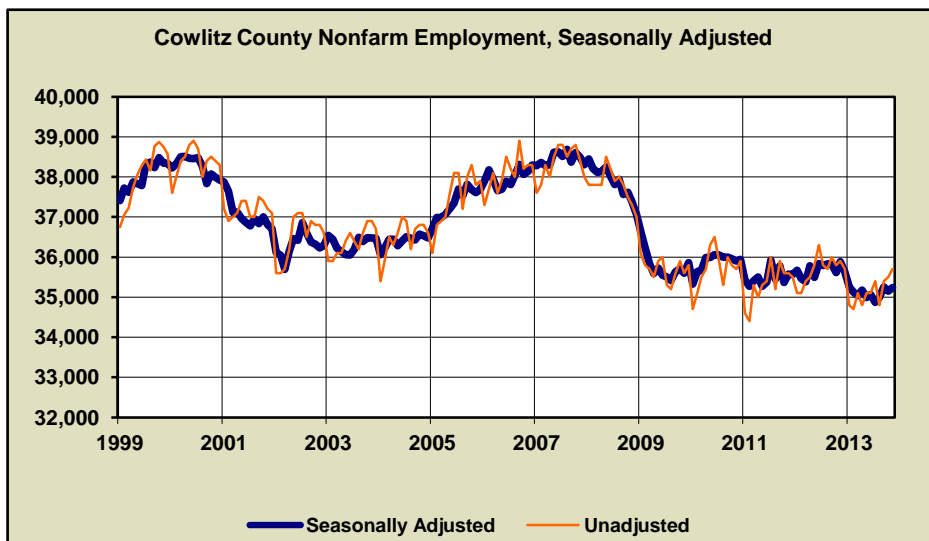
Compared with last November, the county showed small gains in manufacturing, retail trade and health care. There were declines in construction, leisure & hospitality, and other services. State government, allegedly up 200 jobs over the year, will likely get revised to no change in the next set of revisions.

Unemployment was estimated at 9.1 percent. In the past year, employment and unemployment have both declined, as workers have dropped out of the labor force. Both initial unemployment claims and continued claims continued to trend downward on a seasonally-adjusted basis.

## Wahkiakum County

Wahkiakum County continued to bounce along the bottom in November. Seasonally-adjusted employment has been at or near 700 jobs for four years.

Unadjusted employment was estimated at 700 jobs. There was little change at the industry level over the month or year.



Employment remained nearly 200 jobs below the pre-recession peak of 880 jobs.

Unemployment was estimated at 9.7 percent, about a point and a half lower than last November. While that sounds good, the change was due to 20 unemployed persons dropping out of the labor market. Continued unemployment claims increased over the month on a seasonally-adjusted basis, but remained at low levels. Initial claims, also at low levels, were little changed.